



Personal Homefinders Update

The peak Summer season is now at an end and has been our most successful yet in terms of the overall number of properties successfully let and also reduced turnaround times between tenancies, minimising void periods.

However, for Student properties we do recognise that it has been an incredibly tough year for the market as a whole and we have addressed the issues and our recommendations later in this newsletter.

Despite the busyness of the season, we have continued to invest in and develop the business, an example of which is the new website which was launched on October 1st. This has totally been rewritten, with new designs and graphics and also a new property search database developed exclusively for Personal Homefinders.

The home page now has news updates, where you will find current market information as well as news about Personal Homefinders and our teams. There is also a Property of the Week section on the home page, which mirrors the feature in the weekly newspaper ads.



The different pages are labelled according to the needs of the target audience, as opposed to the service, making it much more customer focused. There are also quick link facilities to make it easier to navigate the site, such as the Quick Property Search section and the register for newsletter button.

You can access our website through the usual address of www.personal-homefinders.com and also now through .co.uk.



In addition to the new website, we are also investing in a new property database to bring our systems into the 21st century, maximising efficiency and accuracy in the way we manage all information about properties, tenants and landlords, and also reducing the manual processes and room for errors. This will be introduced through the next few months.

Summer Season Review

At the end of the Summer season we ran review sessions with all our teams to ensure that we captured the key issues to enable us to identify processes where enhancements can be made to ensure we continually improve our services for both landlords and tenants.

From this several work streams have been identified and

agreed upon to develop our processes and smaller teams of people across all three offices have been tasked with delivering the improvements over the next few weeks.

It is also important that we receive your feedback as part of this review process and a questionnaire was sent out to landlords in September to gather this information. We are in the process of collating the comments and the results of all the information received and also the process developments will be featured in our next newsletter.

Student Properties

2004 has been a challenging year in the Student rental market and has been widely reported as such across all agencies, private landlords and college accommodation offices. The main driver for this appears to be an increase in properties available and, although there are more students looking for accommodation, they have a wider choice.

Working with landlords, we need to do what we can to ensure all properties are let to the best tenants at the maximum rent achievable. Student properties are still good investments, but before purchasing the following key priority factors which students use to choose their accommodation, should be considered;

- Condition of the property (carpets, walls etc)
- Number & size of bedrooms
- Proximity to the college
- Cost per person per month

These factors can be flexed to maximise the appeal of a property. For example, if the property is a long way from the college, the cost should be lower to reflect this and it should be in very good condition. If there are 4 bedrooms but one is a box room, it is worth considering marketing it as a 3 bedroom property.

The condition of the property is becoming an increasingly important driver for students, with Winchester council recently introducing an accreditation scheme for student properties to ensure a basic level of quality is met and with other cities expected to follow.

There is also clearly a key role for Personal Homefinders to play to ensure we are marketing our student portfolio at the right times and in the right way to the right people. This year we began our campaign in January and more than 70% of tenancies were agreed for the new academic year by March. This has been supported by closer links with the colleges, advertising in the student magazines, on college websites and on campus. In addition we have run successful student promotions in June, August and September, the latest offer being vouchers for local bars.

For 2005 we have already started our campaign with a promotional offer in a student directory being distributed in September and January, and permanent poster sites on campus. We have a specific full marketing plan in place for Students, with a range of activities in the pipeline from advertising in student press to further promotions. Please contact us if you would like specific details.



FAQs - What Mortgage is Best for Me?

The increased range of different mortgage products offered today can be confusing and we offer below a general guide to the most common questions asked about mortgages by property investors.

Q. Why would I want to change my current mortgage?

The mortgage market has expanded rapidly over the recent years, and with more lenders competing for your business, it is worth regularly reviewing your mortgage type and interest rate to see if it remains competitive. In addition, you may be able to release equity to enable you to further invest and increase your portfolio. Clearly though there are costs involved in switching mortgages and this review needs to consider the balance between potential monthly savings against fees and penalties.

Q. What are the different types of mortgages available?

The buy-to-let mortgage products have been developed specifically for the investor. They can be offered based on the rental income or on the income and expenditure of the Landlord. In addition, they can be capital repayment or interest only and you don't need an endowment policy. As this market has increased, so have the number of products and choices available and some even offer cashbacks.

If you have a variable income, for example if you are self employed or receive commissions, you can also apply for a self-certification mortgage. If the property is your home, there are many more mortgage types available such as Current Account Mortgages (CAMs) and Offset Mortgages.

The interest rates on each type vary and are based on the risk, the Loan to Value amount, and whether the mortgage is on a fixed, discounted, capped or tracker rate.

The main principles of each type of mortgage are:

- Fixed - interest rate is fixed for a specified term, usually between 1-10 years. Often lump sum repayments or redemption of the mortgage within this timeframe carries a penalty.
- Tracker - the interest rate is directly linked to the Bank of England base rate (BBR) and mirrors any changes to the BBR

- Standard Variable Rate (SVR) broadly follows changes to the BBR. Increases tend to occur shortly after the BBR rises, but often take longer to decrease when the BBR reduces!
- Discount - the interest rate offered is fixed at a set amount below the SVR for a specified period, and reverts to the SVR after this has expired. Penalties often apply if the mortgage is repaid in full or part during the discounted term.
- Capped - a compromise between fixed rate and SVR type mortgages. There is a fixed upper limit to the interest rate but it will fall if rates fall. The cap will be for a specified term.

The rates offered between each type vary and some lenders increase the interest rate the more the loan value is to the house value. In some cases it is therefore worth just having your house revalued to see if this will reduce your interest rate!

Q. Where can I get advice on which mortgage is best for me?

A. The mortgage market is regulated by the Financial Services Authority and you can either arrange for a mortgage broker / Independent Financial Advisor (IFA) to recommend the best mortgage for you or you can approach any lender direct. Brokers are likely to be limited in their range of lenders and may possibly charge you a fee for their services. Paul Cole, who has worked in the mortgage industry for over 10 years, can appoint an IFA on your behalf or can help you apply direct to any lender.

Q. What fees are incurred in arranging a mortgage?

A. All Lenders charge an administration fee and a valuation fee, whether you go direct or via a broker. Brokers are paid an introductory fee by the Lender, so if they also charge you a fee for their services, you should query what this is for. However, the advantage of some brokers is that they can package the application themselves to speed up the process.

Personal Homefinders is regulated by the FSA for the introduction of general insurance business. Please contact Paul on 01962 878887 or via paul.cole@personal-homefinders.com if you would like to review your current mortgage and investigate maximising your equity and investments.

Updates for Landlords

Mortgage Interest Rates & House Prices Updates

The base rate is currently 4.75% (as at September 04), in line with the prediction of 5.0% by the end of 2004, which is still the view of many industry experts.

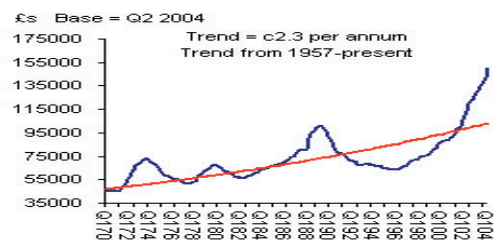
The figures for August show a quarterly increase in house prices of 1.8%, which is a slower rate than in previous months, with August itself reporting a 0.6% drop. The 12 month growth figure is still running at an increase greater than 20%.

It is worth remembering that UK house prices do fluctuate and during the past 5 years of strong house price growth there have been nine previous monthly decreases, showing that on average prices have recorded a drop every six months since August 1999. In addition, August is a traditionally slow period for house purchasing and this is the third time a drop has been recorded in this month since 1998.

The view on the market overall is that this slow down will level out with more moderate increases in the next few years – but it will be in growth, not in decline. Property is not a short-term investment and the fundamental drivers that underpin the long-term market stability remain positive;

- Unemployment levels remain low
- Earnings are rising

Historic Property Price Growth



- The population continues to grow
- There is an increase in the number of people living on their own and therefore demand for property
- There is a shortage of housing supply and limited scope for it to be increased

In addition, there is a General Election next year, which is likely to cause the interest rates to drop to gain voter popularity!

The current market slow down is positive from an Investors point of view as well as it starts to push the power back to the buyer. There will be less property to choose from, but at the same time there will be less competition from other would be purchasers and therefore potentially room for finding the investment bargain!

Please contact Shelley Cole if you have any comments or suggestions on this newsletter and it's contents via shelly.cole@personal-homefinders.com